

Introduced by Senator Walters

February 18, 2011

An act to add Sections 16724.45 and 16730.5 to the Government Code, relating to bonds.

LEGISLATIVE COUNSEL'S DIGEST

SB 775, as introduced, Walters. Bonds.

The existing State General Obligation Bond Law contains procedures for use in authorizing the issuance and sale and providing for the repayment of state general obligation bonds. Existing law also requires prescribed accountability measures to be included in local bond measures.

This bill would incorporate a requirement into the State General Obligation Bond Law that would require a committee created by a bond act to periodically prepare a report on, among other topics, the amount of bonds that the committee has issued in the past five years and the likelihood that the committee will issue any additional bonds in the future. This bill would require that this report is submitted to standing committees in the Legislature with responsibility for budget and fiscal affairs. This bill would specifically authorize house committees to recommend to the Legislature, based upon the contents of that report, that the amount of bonds authorized by the act should be reduced if they conclude either that it is unlikely that the bond committee will issue any additional bonds in the future or that the amount of bonds authorized by the act is excessive or unnecessary in relation to the purpose for which the bond act was passed.

This bill would also incorporate a requirement into the State General Obligation Bond Law that would prohibit a committee created by a bond act from issuing any bonds in any given calendar year unless that

committee first notifies the Legislature no later than a specified date of that calendar year of its intent to issue bonds in that calendar year.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 16724.45 is added to the Government
2 Code, immediately following 16724.4, to read:

3 16724.45. (a) The committee shall, once every five years,
4 report to the standing committees in the Legislature with
5 responsibility for budget and fiscal affairs on all of the following:

6 (1) The amount of bonds authorized by the bond act.

7 (2) The amount, if any, of bonds issued in the past five years
8 pursuant to that bond act.

9 (3) The amount of debt currently outstanding on those bonds
10 that have been issued.

11 (4) Whether, and to what extent, the current amount of bonds
12 issued have been adequate to accomplish the purpose for which
13 the bond act was passed.

14 (5) The likelihood that the committee will issue any additional
15 bonds in the next five years, or any time thereafter.

16 (b) Upon receiving and reviewing this report, the committees
17 may recommend to the Legislature to reduce the amount of debt
18 authorized by that act accordingly, pursuant to Section 1 of Article
19 XVI of the California Constitution, if it concludes either of the
20 following:

21 (1) It is unlikely that the committee will issue any additional
22 bonds pursuant to that act.

23 (2) The amount of bonds authorized by the act is excessive, or
24 otherwise unnecessary, in relation to the purpose for which the
25 bond act was passed.

26 SEC. 2. Section 16730.5 is added to the Government Code, to
27 read:

28 16730.5. In any given calendar year, the committee shall not
29 issue any bonds, unless that committee first notifies the Legislature
30 no later than February 1 of that calendar year of its intent to issue
31 bonds in that calendar year.

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